United Nations DP/2012/5

# Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

Distr.: General
2 April 2012

Original: English

**Annual session 2012**
25 to 29 June 2012, Geneva
Item 1 of the provisional agenda
**Organizational matters**

## Report of the first regular session 2012 (1 to 3 February 2012, New York)

Contents


| *Chapter* | | *Page* |
|---|---|---|
| I. | Organizational matters | 2 |
| | *UNDP segment* | |
| II. | Statement by the Administrator and programming arrangements | 2 |
| III. | Gender in UNDP | 5 |
| IV. | Country programmes and related matters | 6 |
| | *UNFPA segment* | |
| V. | Statement by the Executive Director and financial, budgetary and administrative matters | 8 |
| VI. | Internal audit and oversight | 11 |
| VII. | Country programmes and related matters | 12 |
| | *UNOPS segment* | |
| VIII. | Statement by the Executive Director and financial, budgetary and administrative matters | 13 |
| | *Joint segment* | |
| IX. | Recommendations of the Board of Auditors | 15 |
| X. | Report to the Economic and Social Council | 19 |
| XI. | Other matters | 20 |

**Annex**: Report of the joint meeting of the Executive Boards of UNDP/UNFPA/UNOPS, UNICEF, UN-Women and WFP - see DP/2012/5 (Add.1)


12-31550 (E) 210512

Please recycle

# I. Organizational matters

1. The first regular session 2012 of the Executive Board of UNDP, UNFPA and UNOPS was held at United Nations Headquarters, New York, from 1 to 3 February 2012. The President of the Board welcomed all delegations and thanked the members of the Board for the confidence placed in him. He thanked the outgoing President and the outgoing Bureau members for their leadership and commitment to the work of the Board. He congratulated the new members of the Bureau on their election. He noted that UNDP, UNFPA and UNOPS had an important role to play in the preparations for the upcoming United Nations Conference on Sustainable Development (Rio+20), and the quadrennial comprehensive policy review of the United Nations operational activities for development. He looked forward to rich and constructive deliberations during the Executive Board sessions in 2012.

2. In accordance with Rule 7 of the rules of procedure of the Executive Board, the Board elected the following members of the Bureau for 2012, at a meeting held on 9 January 2012:

| | | |
|---|---|---|
| President: | H.E. Mr. Mårten Grunditz | (Sweden) |
| Vice-President: | Mr. Tarik Iziraren | (Morocco) |
| Vice-President: | H.E. Mr. Yusra Khan | (Indonesia) |
| Vice-President: | Ms. Candida Novak Hornakova | (Czech Republic) |
| Vice-President: | Mr. Eduardo Porretti | (Argentina) |

3. The Executive Board approved the agenda and workplan for its first regular session 2012 (DP/2012/L.1) and approved the report of the second regular session 2011 (DP/2012/1). The Board adopted the revised annual workplan for 2012 (DP/2012/CRP.1/Rev.1) and approved the tentative workplan for the annual session 2012.

4. Decisions adopted by the Executive Board in 2011 appear in document DP/2012/2, which can be accessed at http://www.undp.org/execbrd.

5. The Executive Board agreed in decision 2012/8 to the following schedule for future sessions of the Executive Board in 2012:

| | |
|---|---|
| Annual session 2012: | 25 to 29 June 2012 (Geneva) |
| Second regular session 2012: | 4 to 10 September 2012 |

## UNDP segment

# II. Statement by the Administrator and programming arrangements

6. In her opening remarks to the Executive Board (available on the Executive Board website), the Administrator thanked the outgoing President and Vice-Presidents for their commitment and support throughout 2011 and congratulated the newly elected President and Vice-Presidents. She spoke of the dramatic developments of 2011, the rising spirit of change and the hope and inspiration it brought to millions.

7. She highlighted UNDP assistance in 2011 to countries in the Arab States region, supporting electoral processes, governance efforts, inclusive growth and empowerment of women and youth. She pointed to the successes of the UNDP crisis response mechanism – SURGE – in ensuring

rapid, timely deployment of assistance at a crucial time of transition in the region. She also noted UNDP nation-building work in South Sudan and humanitarian and development assistance in the Sahel region.

8. Looking ahead, the Administrator focused on opportunities for UNDP in 2012 to advance the development agenda. She highlighted the organization's role in areas prioritized by the Secretary-General in his Action Plan and its engagement in multilateral processes driving development cooperation: the MDG Acceleration Framework, the United Nations Conference on Sustainable Development (Rio+20), the post-2015 development framework and the quadrennial comprehensive policy review of the United Nations operational activities for development (QCPR). She stated the readiness of UNDP to work toward the development of 'sustainable development goals' in Rio+20, post-2015 and future fora.

9. UNDP was fully engaged with Executive Board members in refining the new strategic plan 2014-2017, the second review of the programming arrangements, the internal agenda for change and progress towards greater transparency and accountability. She touched on how the UNDP strategic plan 2014-2017 would position it as a leading development organization committed to delivering results. Introducing the second review of the programming arrangements 2008-2013 (DP/2012/3), the Administrator discussed the three options for eligibility and four models of criteria for allocation. She drew attention to UNDP work to better communicate its specific contribution through enhanced results reporting and stronger staff capacity.

10. She was pleased to update colleagues on the active engagement of UNDP in the International Aid Transparency Initiative, its recent top 10 rating in the inaugural Aid Transparency Index, the 1 January 2012 adoption of International Public Sector Accounting Standards (IPSAS) and its commitment to full disclosure of audit information by end 2012.

11. In their general comments, delegations encouraged UNDP to take full advantage of the QCPR process and approach it in tandem with its strategy for global development events such as the MDG Acceleration Framework, Rio+20 and more broadly the post-2015 development framework.

12. Delegations were pleased with the organization's progress and strategic direction as embodied in the three structural frameworks: the new strategic plan, integrated budget and agenda for organizational change. They made a board range of comments on: (a) issues surrounding UNDP resource allocation and funding situation in relation to programming arrangements; (b) the need for UNDP to seize opportunities through ongoing internal processes (strategic plan, agenda for change, integrated budget) and external processes (Rio+20, QCPR) in alignment with the Action Plan of the Secretary-General; and (c) the need to enhance efficiency, transparency and accountability in the context of broader United Nations reform. They looked forward to early discussions on those topics and requested details on milestones leading to development of the three structural frameworks.

13. On programming arrangements and resource allocation, delegations broadly agreed that UNDP should continue to focus on resource needs of low-income countries and least developed countries while adopting a differentiated approach to middle-income countries (MICs), which, it was noted, varied greatly in their development conditions and needs.

14. Delegations were keen to learn more about the proposed eligibility options and allocation models but cautioned about making firm decisions on the proposed options or models at that time. In that regard, they reaffirmed that the three key principles – progressivity, predictability and universality – should continue to underpin programming arrangements.

15. Similarly, they requested more information on proposed allocations to programme activities other than those funded from target for resource assignment from the core (TRAC). In addition, they requested more information on UNDP proposals to include the United Nations Capital Development Fund in the programming arrangements and to establish a contingency fund. They emphasized the importance of demonstrating in the mock-up integrated budget how resources would link to the strategic plan.

16. Many delegations re-emphasized the importance of sustained predictable levels of voluntary contributions, cautioning that an unchecked decline in core resources would adversely impact the quality of United Nations development assistance and erode the organization's legitimacy in the long run.

17. On a related issue, delegations endorsed the need for flexibility in UNDP physical presence at the country level, agreeing it should be based on a country's specific development needs – not on a one-size-fits-all basis. They welcomed further elaboration of global strategic presence in line with discussions on the new strategic plan.

18. Delegations welcomed the call to expedite full public disclosure of audit information by having the Executive Board reach agreement by the annual session 2012. Many, however, stressed the need for appropriate safeguard measures and harmonized timelines for UNDP, UNFPA and UNOPS. A further request was made to ensure sufficient dialogue on that issue with the Board prior to the annual session 2012.

19. The Administrator thanked delegations for their comments and guidance for moving forward within the international development context, noting in particular the run up to Rio+20. She recognized the actions and commitment of many Executive Board members to balance economic and social development with safeguarding ecosystems. In that context, she stressed the importance of strengthening all three pillars – economic, social and environmental – in the future Rio+20 framework.

20. She stated that UNDP looked forward to engaging delegations in developing the QCPR and thanked them for their strong support for the internal change agenda. UNDP would continue to engage with Executive Board members in developing the strategic plan, reflecting the integrated budget, greater transparency and accountability, and audit disclosure.

21. The Administrator affirmed the organization's readiness to create and build on new strategic partnerships. She noted the pressure on core funding and emphasized UNDP appreciation for the continuing support of Executive Board members for core resources at a time of considerable fiscal stringency for many. She reiterated the importance of funding in making UNDP more strategic and forward-looking.

22. Responding to the debate on programming arrangements, the Associate Administrator stressed the importance of the link between the strategic plan, integrated budget, which would subsume the programming arrangements, and agenda for organizational change. She indicated that informal discussions on the programming arrangements and related matters would continue leading up to the annual session. The Associate Administrator reiterated three key points that would shape future discussions: (a) high priority given to physical and programmatic presence in low-income countries; (b) continued engagement in MICs; and (c) further thought and analysis on how to engage best with MICs. On the issue of the three eligibility options and four allocation models, she requested continued Executive Board guidance on how to narrow down the number of options and models so UNDP could provide more information and in-depth analysis to the Board for decision-making.

23. The Executive Board adopted decision 2012/1: Review of UNDP programming arrangements, 2008-2013.

## III. Gender in UNDP

24. The Associate Administrator presented the oral report of the Administrator on the implementation of the UNDP gender equality strategy, describing the main intervention areas for each goal: (a) poverty reduction and achieving the MDGs, including addressing the gender dimensions of HIV/AIDS; (b) democratic governance; (c) crisis prevention and recovery; and (d) managing climate and environment for sustainable development. She discussed institutional measures UNDP was taking to ensure it delivered on gender equality results, such as the gender marker and work of the Gender Steering and Implementation Committee. She also touched on the positive relationship between UN-Women and UNDP and implementation of the gender parity policy within UNDP.

25. Delegations welcomed the Administrator's oral report as well as the efforts to mainstream gender equality in projects and programmes. They commended UNDP for advancing gender equality and women's empowerment objectives as outlined in the development results of its gender equality strategy. They were pleased that UNDP had delivered on the institutional results through the Gender Steering and Implementation Committee and the gender marker. They commended UNDP management for its commitment to greater accountability for gender equality at the corporate and country levels and encouraged it to strengthen its efforts further.

26. Several delegations requested clarification on the status of the 2011 midterm review and implementation of its recommendations as well as an update on progress toward gender parity within UNDP and its challenges, especially in middle management. They urged UNDP to strengthen gender equality in the areas of human resources and personnel. Noting the decline in the percentage of funds making a significant contribution to gender equality, they stressed the need to integrate gender equality in its programmes and projects.

27. Delegations asked to receive background documentation well in advance of sessions and requested elaboration in future reports on women's participation in politics, peace negotiations, peacebuilding and reconstruction where they saw UNDP playing a central role. Pleased to see discussion of women's economic empowerment, they wished to learn about plans to integrate gender perspectives in UNDP contributions to global efforts to achieve sustainable development. They looked forward to a future UNDP gender equality strategy, which should inform and accompany the UNDP strategic plan.

28. Delegations encouraged UNDP to forge a stronger partnership with UN-Women to enhance respective comparative advantages and ensure results at the country level. UN-Women, they noted, provided a powerful global voice for women's empowerment and gender issues while UNDP had an extensive global presence. They encouraged UNDP to enhance dialogue with UN-Women on operational activities, thematic activities and country level gender capacity and coordination.

29. Several delegations requested more information on lessons learned at the country level in applying gender equality within an inter-agency coordination setting. They requested information on what UNDP was doing within the organization to bring about behavioural and attitude changes on gender equality and how that was being reflected in results frameworks. They wished to know how UNDP was using the gender marker to assess results and inform planning.

30. The Associate Administrator thanked delegations for their comments and noted in response to the downturn in gender marker figures that UNDP had made the gender marker a key component of its system-wide planning, reporting and monitoring. Through the Gender Steering and Implementation Committee, UNDP was following up with each bureau to find a solution to the downturn and reverse the trend. On country programme documents, she assured delegations that UNDP was in the process of applying quality control measures, revising them to ensure they focused on results planning, monitoring and reporting for gender equality.

31. She noted that UNDP was following up regularly with its partners in peacebuilding and post-conflict to ensure women's participation in peace negotiations. On economic empowerment, she stressed that based on evidence to support its actions UNDP was focusing on women's economic empowerment as a primary entry point for women's political empowerment.

32. On inter-agency coordination, she emphasized the good working relationship between UNDP and UN-Women, noting that both were keen on collaborating with United Nations organizations to maximize comparative advantages to the benefit of women globally.

33. Noting that UNDP was successfully implementing gender in its planning and results framework, she highlighted that UNDP was focusing on training staff and management on gender-focused planning, monitoring and reporting to track and ensure results. She informed delegations that the midterm review had been used to inform the current and future strategic plans.

34. The Director of the UNDP Gender Team focused her response on two issues: (a) gender marker and possibility of using one gender marker for the whole United Nations system; and (b) gender attitudes and gender within the workplace. She assured delegations that UNDP, pioneer of the gender marker, was co-convening an inter-agency task force on the gender maker and had trained a number of agencies on its use. The task force was also exploring ways to harmonize the tool. UNDP was working closely in that effort with UN-Women, which would take the initiative forward once a harmonized tool was developed. On gender attitudes within UNDP, she assured delegations that UNDP was looking closely at its workplace policies to ensure they encouraged and strengthened a culture of gender equality, especially at the country level.

35. The Executive Board adopted decision 2012/2: Oral report of the Administrator on the implementation of the UNDP gender equality strategy and action plan.

## IV. Country programmes and related matters

36. The Associate Administrator introduced the item, noting that 18 country programmes discussed at the second regular session 2011 were ready for approval on a no-objection basis. She introduced for Executive Board approval the country programme document (CPD) for the Republic of South Sudan (DP/DCP/SSD/1) and gave the Board an overview of continuing UNDP work to improve programming quality. The Deputy Regional Director, Regional Bureau for Africa, in turn gave a detailed account of UNDP work with its partners to support the Republic of South Sudan as laid out in the CPD.

37. Discussions focused on the CPD for the Republic of South Sudan. Pointing to the immense challenges the country faced, delegations commended UNDP for developing a country programme aligned with national priorities and the national development plan. They noted that the CPD was an interim programme to be followed up in 2012-2013 by a joint assessment and development of a common country programme, which they strongly welcomed. They stressed

the importance of national ownership and the Government's leadership role, especially on security, and discouraged United Nations parallel processes.

38. A number of delegations underlined the need for strong coordination between United Nations organizations when developing the joint assessment in collaboration with international partners and better coordination between country teams in Khartoum and Juba. They stressed the importance of contingency planning, risk mitigation, and a coordinated approach to humanitarian, recovery and development, especially with the United Nations Mission in South Sudan (UNMISS). In that regard, they encouraged UNDP to adhere to a more flexible structure to ensure easy adaptability to potentially changing local conditions.

39. They urged UNDP and the United Nations system to conduct independent evaluations on a regular basis, in addition to agency-specific evaluations, and encouraged UNDP to improve monitoring and reporting. Delegations underlined the need to better capture the full complexity of the 'returnees' issues, including through a gender perspective. They requested that future reporting include gender and sex-disaggregated analysis.

40. While commending UNDP for mainstreaming gender in the country programme, one delegation noted gender was not sufficiently mainstreamed in the transitional results framework. Recognizing the quality of the results framework, it noted that baseline data were missing for some indicators and risk assessment and mitigation were weak. On funding it noted that budget allocations were below what was required and asked what the perspectives were for raising funds needed, especially for United Nations Development Assistance Framework outcome 1 on governance.

41. To avoid duplication and fragmentation, delegations stressed the need for prioritization and identification of roles and responsibilities. They encouraged UNDP to use the guidelines and principles for engagement in fragile states laid out at the Fourth High-level Forum on Aid Effectiveness in Busan.

42. The Deputy Regional Director, Regional Bureau for Africa, thanking delegations for their comments, said that UNDP would report back to the Executive Board on mainstreaming and implementation of gender, using gender and sex-disaggregated analysis. He stated that UNDP was working closely with UNMISS and United Nations organizations focusing on their comparative advantages in order to address gaps and overlaps.

43. Concurring that data collection remained an important challenge, he said UNDP was working with the Government to help build national capacity to gather reliable, timely data. UNDP was focusing on building the capacity of planning ministries, working with the donor community. He affirmed that UNDP would undertake independent evaluations in line with standard practice.

44. The Associate Administrator, thanking delegations, highlighted that UNDP had made progress in the areas of risk analysis and management, as reflected in the CPD, but close monitoring of the situation was necessary. She assured the Executive Board that UNDP was following South Sudan closely and would ensure flexibility and monitoring. Noting that analysis had shown that fragmentation tended to occur in low-income countries, UNDP had taken steps to ensure the CPD was targeted and strategic, focusing on areas where it had a comparative advantage.

45. On the budget, she highlighted that UNDP core resources allocated to programme countries had matched their needs; country offices were generally on target in gauging pipeline projects and financial requirements to achieve results. She emphasized that UNDP was fully

committed to coordinating with humanitarian partners, drawing attention to the stronger relationship between UNDP and UNHCR.

46. The Executive Board approved the following 18 country programmes discussed on a no-objection basis, without presentation or discussion, in accordance with decision 2006/36: (Africa region) Cape Verde (common country programme), Central African Republic, Gambia, Malawi, Mozambique; (Asia and the Pacific States region) Islamic Republic of Iran, Lao People's Democratic Republic, Papua New Guinea (common country programme), Thailand, Viet Nam (common country programme); (Arab States region) Algeria and Yemen; and (Latin America and the Caribbean region) Brazil, the Dominican Republic, Guyana, Panama, Peru and Suriname.

47. In accordance with decision 2011/40, the Executive Board also approved the country programme document for South Sudan on an exceptional basis.

## UNFPA segment

# V. Statement by the Executive Director and financial, budgetary and administrative matters

48. In his statement (available at http://unfpa.org/public/home/news/pid/9946) the Executive Director presented highlights of UNFPA work in 2011 (including a short video) and the priorities for 2012 in terms of implementing the strategic plan and the business plan. He elaborated on UNFPA and the new development agenda; accountability; staff safety and security; and the Fund's financial status. He introduced the institutional budget estimates for 2012-2013 (DP/FPA/2012/1); the revision of the UNFPA financial regulations and rules (DP/FPA/2012/3); and the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the institutional budget estimates for 2012-2013 and the revision of the UNFPA financial regulations and rules (DP/FPA/2012/2). He underscored that with two years to deliver on the current strategic plan and the business plan, it was critical to successfully position UNFPA and its mandate in the context of the emerging agenda on sustainable development leading up to the United Nations Conference on Sustainable Development (Rio+20) and the International Conference on Population and Development (ICPD) beyond 2014 review. He stated that these were unique opportunities to strategically position UNFPA priorities at all levels of the organization. He underscored that strengthening accountability remained his number one institutional priority for the organization. He thanked all the Member States for their support. (A short video from the world of 7 Billion Actions campaign was shown.)

49. Delegations appreciated the Executive Director's insightful statement and commended UNFPA for its work in supporting countries in implementing the ICPD Programme of Action and its rights-based approach. It was noted that the Fund's mandate was essential for achieving the Millennium Development Goals. The importance of indicating concrete and quantitative results in maternal health in supported countries was stressed. Numerous delegations underscored the importance of UNFPA support for such key areas as sexual and reproductive health (SRH) and reproductive rights; population and development; and gender equality. They welcomed the Fund's focus on addressing the needs of youth. Delegations emphasized the continuing need to reduce maternal mortality; support family planning; and address sexual and gender-based violence, including in conflict and post-conflict settings. The second-generation strategy on humanitarian response was commended. The Fund's leadership role in promoting SRH and reproductive rights over nearly four decades was recognized. UNFPA efforts to enhance programme effectiveness were also commended.

50. Numerous delegations emphasized that the focus of UNFPA work should be in the least developed countries (LDCs) where the needs were the greatest. The vulnerability of LDCs and their need for technical know-how and financial resources were underscored. Several delegations commended UNFPA for supporting partnerships with middle-income countries. Some delegations stated that greater attention should be paid to countries facing population decline. Interest was expressed in hearing more about the plans to introduce strategic knowledge hubs and some delegations asked how these were envisaged in Eastern Europe and Central Asia. The importance of South-South cooperation was emphasized by several delegations. They also stressed that it should not substitute for North-South cooperation. Some delegations encouraged UNFPA to continue collaborating with UN-Women in such areas as gender equality and HIV prevention.

51. Numerous delegations commended UNFPA on its open and inclusive approach in presenting the institutional budget. They noted that the results-based approach allowed donors and other Member States to assess revenue and expenditures against intended and achieved results. Some delegations stated that they shared the appreciation of ACABQ regarding the progress made by UNFPA in implementing the International Public Sector Accounting Standards (IPSAS) and related initiatives such as the revision of the UNFPA financial regulations and rules. While commending UNFPA for aligning the changes in the financial regulations and rules with the comments of ACABQ and the United Nations Office of Legal Affairs, one delegation appreciated the offer for an ongoing dialogue on certain issues at hand.

52. Numerous delegations welcomed the reduction in management costs and the increase in the proportion of funds available for programme implementation. Noting that the cost reduction was an important step towards efficiency, delegations added that the use of common premises and common services could yield further efficiencies and savings. Several delegations welcomed the strengthening of support to field offices that would in turn result in better programme delivery at country level. The strengthening of the field presence and the creation of a second regional office in Africa were welcomed by delegations, particularly given the number and complexity of programmes in the region. UNFPA was asked to continue its work to reduce vacancy rates.

53. Delegations looked forward to the development of the single integrated budget in 2014 and welcomed the Fund's adoption of the new cost classification format as agreed with UNDP and UNICEF. They also looked forward to the joint review of cost-recovery rates with UNDP and UNICEF. Some delegations asked if funds from the institutional budget would be allocated to the humanitarian policy, technical and sub-cluster lead support activities. They requested more detailed reporting on humanitarian activities and expenditures from all funding sources.

54. Delegations stressed the importance of local safeguards and regular monitoring from headquarters to ensure proper financial and administrative checks and balances. UNFPA was asked to continue giving attention to reducing risk and strengthening the stewardship of resources, including the monitoring of the national execution (NEX) modality. It was hoped that additional programmatic resources would be distributed to the six countries that accounted for half of global maternal mortality. Several delegations appreciated the information provided on contributions to UNFPA from the private sector and welcomed the Fund's partnerships with non-traditional donors. They encouraged UNFPA to explore the fund-raising experiences and good practices of other United Nations organizations.

55. While appreciating the update on the business plan, one delegation called for updates on each of the 15 recommendations and hoped to see additional emphasis on evidence-based planning. Commending the Fund's commitment to transparency and accountability, the delegation urged that independent consultants be hired for the upcoming evaluation review so

that the process would be unbiased. The delegation also encouraged an increase in transparency regarding the global and regional programme budget. The delegation added that the evaluation function should be independent of programme units to preserve the objectivity and reliability of the evaluation work.

56. Several delegations encouraged UNFPA to continue to fully engage in preparations for the upcoming Rio+20 conference and noted that demographic issues should have a place in the Rio+20 document. They underscored that social issues such as population and reproductive health, including family planning, were important components of sustainable development, which was a people-centred concept.

57. The Executive Director thanked the delegations for their encouraging comments and their support for the UNFPA mandate. He underscored that the Fund's strategic focus on SRH, including family planning, was driven by country needs and central to it was a focus on ensuring that women and young girls were empowered. He emphasized that UNFPA was committed to addressing the needs of young people. He noted that delegations had brought to the fore the integration of social and demographic concepts in the sustainable development agenda in Rio+20 and beyond. He stated that the way forward was to integrate population dynamics in a holistic way in the Rio+20 document. He was encouraged by the Executive Board's feedback regarding the Fund's collaboration with the private sector. He also appreciated the feedback concerning South-South and triangular cooperation. He assured the Board that UNFPA was responding both to population growth in LDCs and population decline in other countries. He emphasized that SRH and reproductive rights cut across all parts of the world. Indeed, UNFPA was responding to various aspects of population dynamics, including ageing and migration. The Fund was also continuing its work on preventing gender-based violence. He observed that the Board had commended UNFPA for being in the forefront of Delivering as One. Regarding the continuing collaboration with UN-Women, he noted that recently he and the UN-Women Executive Director had sent a letter to all their field offices regarding the cooperation amongst the two organizations and the areas for which each organization would be held accountable.

58. The Executive Director appreciated that the Executive Board members were pleased that the UNFPA institutional budget reflected reduced administrative costs and increased resources for programme implementation. The Executive Director underscored that UNFPA was committed to measuring and registering strong results. He assured the Board that UNFPA would utilize its resources efficiently and would work effectively to garner increased support from traditional and non-traditional donors. Concerning the global and regional programme, he noted that UNFPA was already addressing various issues raised in the audit and was streamlining the programme to show results on investments. He stated that UNFPA was working closely with UNDP and UNICEF on a harmonized approach to the integrated budget. Also, UNFPA would continue the dialogue with the Board and with UNDP and UNICEF regarding cost recovery.

59. The Executive Director stated that the recruitment of the Director, Division for Human Resources, had been completed and the new Director would accelerate the plan for human resources, including the filling of vacancies. The Executive Director noted that to address audit issues he had set up an audit committee that he chaired and which met every month. UNFPA had also engaged a global audit firm to assist with NEX audits. Training concerning national execution had been developed. UNFPA was committed to NEX and to assisting countries in enhancing effective management of programmes. Concerning evaluation and the need for independence, he noted that the Division for Oversight Services (DOS) was the evaluation unit for the Fund and was zealously independent. He stated that DOS had been strengthened in response to the Executive Board's request. Furthermore, as recommended by the Board, UNFPA had initiated a process for an independent review of the evaluation policy. In

conclusion, the Executive Director assured delegations that UNFPA would continue its open and transparent engagement with the Board.

60. The Executive Board adopted decision 2012/3: UNFPA institutional budget estimates for 2012-2013; and decision 2012/4: Revision of the UNFPA financial regulations and rules.

## VI. Internal audit and oversight

61. The UNFPA Executive Director outlined the internal business plan to address the recommendations in the report on internal audit and oversight activities in 2010 (DP/FPA/2011/5) and ensure that UNFPA delivered on its strategic plan with efficiency, effectiveness and full accountability. Underscoring that accountability was his number one institutional priority for UNFPA, he noted that the organization was making good progress in increasing transparency and addressing the audit recommendations. He elaborated on the seven priority areas of the business plan and noted that a Fund-wide communications strategy would be implemented to increase collaboration between UNFPA headquarters, regional offices and country offices. Furthermore, he elaborated on key steps already taken to move the organization forward, including sharpening the focus of the strategic plan; establishing an audit monitoring committee; revising the letter of understanding signed with implementing partners; revising the national execution audit terms of reference; streamlining management and operations; and making the organization compliant with the International Public Sector Accounting Standards (IPSAS).

62. The Deputy Director, Division for Oversight Services, (DOS), noted that the 15 DOS recommendations had been factored into resetting UNFPA priorities and in establishing the business plan to operationalize those priorities. Some actions had been undertaken and several actions still needed to be taken. DOS would be in a position to validate the implementation of the business plan during the course of the next 12 to 24 months. The Deputy Director informed the Executive Board that a list of all reports issued by DOS was available on its website and may be accessed in accordance with Executive Board decisions and directives. Also, the facility for remote electronic viewing of reports was now functional.

63. Regarding the business plan, one delegation asked about the timeline, prioritization and targets for following up on the recommendations of the DOS report on internal audit and oversight. One delegation inquired about changes in reporting lines and their implications for the UNFPA organization chart. While expressing satisfaction that accountability was a top priority at UNFPA, one delegation asked if the IPSAS rollout had had a direct impact on the rollout of the business plan. The same delegation inquired about the alignment of DOS with the business plan and also inquired about the status of fraud investigations and the cases that were being followed up.

64. The Executive Director thanked the delegations for their comments and noted that the business plan process had been shared earlier with the Executive Board members at an informal meeting and was also available on the website. He stated that the Board would get an update on the business plan implementation. He observed that IPSAS implementation had been phased in and complemented the business plan. Furthermore, the Board of Auditors had stated that UNFPA was IPSAS-ready. Regarding the UNFPA organization chart, he noted that the procurement and management information systems units would now report to the Deputy Executive Director (Management), instead of the Division for Management Services. Also, the Legal Unit would report to the Office of the Executive Director, instead of the Division for Human Resources (DHR), to avoid any conflict of interest in investigations. He announced the appointments of the new Director of DOS and the new Director of DHR.

65. The Deputy Director, DOS, noted that the business plan was factored into the audits that would be undertaken by DOS, based on the risk model. Furthermore, all 15 recommendations made by DOS in its earlier report (DP/FPA/2011/5) had been factored into the business plan. Regarding the query on fraud investigations, she noted that an electronic system was under implementation to detect fraud or potential fraud. Also, further information would be contained in the DOS report to be submitted at the annual session 2012.

## VII. Country programmes and related matters

66. In accordance with decision 2006/36, the following 17 country programmes, which were discussed earlier at the second regular session 2011, were approved by the Executive Board on a no-objection basis, without presentation or discussion: Cape Verde, Central African Republic, Chad, Gambia, Malawi and Mozambique from the Africa region; Algeria and Yemen from the Arab States; Iran (Islamic Republic of), Myanmar, Papua New Guinea, Thailand and Viet Nam from Asia and the Pacific; and Brazil, Dominican Republic, Panama and Peru from Latin America and the Caribbean. In addition, in accordance with decision 2011/40, the Board approved, on an exceptional basis, the country programme document for South Sudan. As called for in decision 2011/40, the Board had discussed the draft country programme document at an informal consultation prior to the first regular session 2012.

67. Numerous delegations commended the rapid and timely presentation of the South Sudan country programme and encouraged strong cooperation between the different United Nations organizations involved in developing a comprehensive transition analysis. They emphasized the importance of conducting independent evaluations; collecting and utilizing lessons learned; selecting priorities carefully; improving project management and reporting; avoiding parallel processes; undertaking regular contingency planning; continuing relief and humanitarian assistance; and taking into account an integrated approach with respect to sexual and reproductive health, gender equality, and population and development. The importance of national ownership and national capacity development was stressed. The delegations encouraged UNFPA and the other United Nations organizations to use the guidelines and principles for engagement emanating from the Fourth High-level Forum on Aid Effectiveness.

68. In underscoring the formidable challenges faced by South Sudan, one delegation noted that the country had the highest maternal mortality ratio in the world and some of the poorest health indicators. The delegation commended the programme for being aligned with national priorities as well as the priorities set out in the United Nations Development Assistance Framework (UNDAF), including in the important areas of gender-based violence and reproductive health and rights. The delegation emphasized the following as being important for programme implementation: following up on the joint priorities of the UNDAF through coordination and collaboration with other United Nations agencies; adapting flexible solutions to local conditions; strengthening the country office; and addressing the need for baseline data to monitor progress and report on results. The need for good cooperation within the humanitarian cluster and the need to emphasize risk assessment and risk mitigation in programme planning and implementation were underlined.

69. The delegations of Algeria, Myanmar and Viet Nam thanked the Executive Board for the approval of their respective country programmes. They appreciated the support provided by UNFPA and other partners and were satisfied that the programmes reflected national plans and priorities.

70. The Director, Africa Regional Office, UNFPA, thanked the delegations for their comments and noted that United Nations coordination in South Sudan was strong. He stated that addressing gender-based violence was an important part of the UNFPA-supported programme in

South Sudan. Concurring that South Sudan had some of the poorest health indicators in the world, he stressed that the attention of all agencies was required to address the issues. He agreed that priority setting was essential, given the many challenges faced by the country. He assured the Executive Board that action would be taken to address the issues underscored by Board members, including regarding missing information on risk assessment and risk mitigation, baseline data, and independent evaluation.

## UNOPS segment

# VIII. Statement by the Executive Director and financial, budgetary and administrative matters

71. The Executive Director, UNOPS, presented the revision of UNOPS financial regulations and rules (DP/OPS/2012/1), including annexes 1 and 2, and the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the revision of UNOPS financial regulations and rules (DP/OPS/2012/2). He noted that the revisions were needed to ensure UNOPS compliance with the International Public Sector Accounting Standards (IPSAS).

72. In his statement, the Executive Director summarized UNOPS achievements in 2011, ongoing activities and future plans. He looked forward to working closely with Executive Board members throughout 2012, which would be an important year for the organization.

73. Reflecting on 2011, he pointed out that UNOPS had been active on the ground assisting partners to deliver more than 1,000 projects in areas of infrastructure development, mine clearing, health centre management, earthquake recovery, provision of shelter for flood victims and supporting fair elections in many countries.

74. Those interventions, he noted, were successful thanks in large part to UNOPS world-class management services recognized for their quality, speed and cost effectiveness. In that regard, he highlighted UNOPS International Organization for Standardization (ISO) 9001 certification in 2011 and the Chartered Institute of Purchasing and Supply certification for its procurement policies and procedures. He stated that UNOPS was launching a new initiative to obtain ISO 14001 certification of its environmental management systems, binding UNOPS to stringent standards for infrastructure and procurement. To reach that goal UNOPS would focus on management reform, change management and learning both individually and institutionally.

75. As noted at the previous Executive Board session, UNOPS delivery in 2011 in financial terms had been below the record levels of 2010. The Executive Director noted that that change was mainly a result of varying annual procurement levels in middle-income countries, two of them in particular. He pointed out, however, that UNOPS delivery in least developed, conflict- and disaster-affected countries had been largely stable and in some cases increased.

76. Following its adherence to the International Aid Transparency Initiative (IATI) in October 2011, UNOPS was the first United Nations body to publish details of its activities in IATI format. He noted that UNOPS had already disclosed information on some 1,150 projects, including details on disbursement of almost $4 million. UNOPS, he affirmed, would continue to pursue greater transparency by geocoding its projects, publishing project documents and outputs while giving users tools to understand and use data. It was also developing standardized reporting formats for its core mandate areas of procurement, contract management and infrastructure development.

77. With regard to its strategic plan 2010-2013, the Executive Director stated that UNOPS was launching a midterm review (MTR) to integrate lessons learned of the previous two years and reflect Executive Board decisions, General Assembly resolutions, partners' views and the changing policy and economic climate. UNOPS would use the MTR to reach out to partners – via a newly created dialogue platform and face-to-face interviews – to determine how they saw its value added.

78. The Executive Director stated that UNOPS was ready to engage with as many Executive Board members as possible to plot its course over the following two years through the MTR of the strategic plan and the development of the strategic plan for 2014-2017.

79. Delegations commended the Executive Director for his leadership and welcomed the revisions of the financial regulations and rules, noting in particular that IPSAS adoption had helped UNOPS better manage resource accountability and comparability. They thanked UNOPS for its regular informal updates on progress and encouraged it to continue to deliver on ACABQ suggestions.

80. One delegation highlighted the important role of UNOPS at the upcoming United Nations Conference on Sustainable Development, given its niche assistance to countries in the wake of natural disasters to rebuild damaged infrastructure. UNOPS was encouraged to expand such services since they were particularly important within the context of promoting sustainable development. Another delegation asked UNOPS to reinstate reference to the General Assembly in the financial rule on ex gratia payments. It requested UNOPS to fully reconcile the financial rules and regulations with the recommendations made by ACABQ and the United Nations Office of Legal Affairs.

81. Another delegation commended UNOPS for synchronizing IPSAS implementation with other United Nations organizations. It urged UNOPS to continue efforts to meet its four high-level contribution goals dealing with peacebuilding and humanitarian interventions and encouraged it to work with other United Nations system partners to identify measures and systems for measuring its contribution to development effectiveness.

82. Thanking delegations for their feedback, the Executive Director highlighted that the organization had set up a results and reporting system to identify the outputs and indicators which tracked four high-level goals. He reiterated that UNOPS was a demand-driven organization and only accepted projects that fit the four high-level goals. He closed by thanking delegations for their expression of confidence in his management of the organization.

83. The Deputy Executive Director, UNOPS, in turn addressed a technical query on UNOPS request for Executive Board approval for ex gratia payments. He explained that, in the United Nations context, there were situations where despite the absence of a legally binding contract the Executive Director could authorize a payment on solely moral grounds. Natural disasters and terror attacks were typical events when ex gratia payments were effected. He noted, however, that UNOPS had not made a single ex gratia payment in the previous six years and had in fact sought to minimize its use. However, because decisions to make such payments had to be made urgently, it was impracticable to seek Board approval.

84. On the growth and innovation reserve, he noted that the term 'reserve' was misleading. While technically a 'fund', UNOPS was obliged to modify the terminology to adhere to IPSAS rules. He reassured Executive Board members that UNOPS was not seeking to create a new reserve in addition to the operational reserve but to utilize the existing reserve. He explained that within the excess of the actual operational reserve, there might be instances where UNOPS would need to invest in growth and innovation activities.

85. The Executive Board adopted decision 2012/5: Revision of the UNOPS financial regulations and rules.

## Joint segment

# IX. Recommendations of the Board of Auditors

86. The UNFPA Executive Director introduced the UNFPA report on the follow-up to the report of the United Nations Board of Auditors for 2008-2009: status of implementation of the recommendations (DP/FPA/2012/5). The UNDP Associate Administrator introduced the UNDP report on the implementation of the recommendations of the Board of Auditors, 2008-2009 (DP/2012/4). The UNOPS Deputy Executive Director introduced the UNOPS report on the implementation of the recommendations of the Board of Auditors, 2008-2009 (DP/OPS/2012/3).

87. Several delegations, in a joint statement, commended UNDP, UNFPA and UNOPS for their informative reports and for having implemented a large number of the United Nations Board of Auditors (BOA) recommendations. They expressed confidence that the organizations would implement the remaining recommendations. Delegations stressed the importance of following up on recommendations related to the International Public Sector Accounting Standards (IPSAS), which they said would provide a satisfactory picture of the organizations' financial situation.

*United Nations Population Fund*

88. Delegations noted with appreciation the UNFPA commitment to following up on the recommendations of BOA and the efforts undertaken to address the underlying causes of the qualified audit for 2008-2009. They noted in particular that all 13 recommendations related to national execution (NEX) had been implemented by August 2011. They welcomed the timely submission of the NEX audit reports. Noting that it was due to the use of an external audit company, they asked how UNFPA intended to retain the momentum going forward, including with regard to improving staff abilities and knowledge. The delegations asked UNFPA to keep the Executive Board informed as the Fund addressed the underlying causes through the annual reports of the Division for Oversight Services. They also requested that the Board be kept informed of progress in implementing the audit recommendations on strengthening accountability and management, and the progress on the rollout and implementation of IPSAS. The delegations commended UNFPA for a clear and transparent report, including the grouping of recommendations around risk categories. One delegation was pleased to note that addressing the recommendations of the Board of Auditors was a top priority at the highest level of UNFPA and that the organization had addressed more recommendations than before. The delegation commended the overall positive trajectory of the report. The delegation inquired about the type of training provided to staff on NEX audit management. The delegation was satisfied that IPSAS had been implemented and would lead to strengthened programme delivery.

89. The UNFPA Executive Director thanked the delegations for their comments. He clarified that the arrangement with the global audit firm was to ensure building capacity on the ground of both UNFPA staff and the Fund's implementing partners, including regarding compliance with processes, policies, procedures and timelines. He noted that many of the problems in the past had resulted from poor documentation and the lack of timeliness. He underscored that when he began his tenure as UNFPA Executive Director it was agreed in the organization that if

implementing partners did not conform to the UNFPA accountability framework the Fund would not work with them. The global audit firm had been engaged for three years, given that the Fund's implementing partners were at different levels of development. Noting that UNFPA had revised the memorandum of understanding with implementing partners, he stated that the more robust governance framework underscored the accountability message conveyed to the implementing partners. Also, UNFPA country offices had been asked to undertake a systematic review and analysis to assess the implementing partners' capacity to work and it had been emphasized that what mattered was the quality of work on the ground and not the number of implementing partners. Referring to IPSAS, he noted that UNFPA was IPSAS-compliant as of January 2012 and the Fund's financial statement issued in 2012 would be in accordance with IPSAS. He underscored that UNFPA was committed to aggressively addressing any outstanding audit recommendations. He noted that some were not yet closed due to either their complexity or because they went beyond UNFPA and involved sister agencies of the United Nations for implementation. He assured the Executive Board that all audit issues were being addressed and a momentum had been created in UNFPA to be proactive (not reactive) to prevent further audit issues.

*United Nations Development Programme*

90. Several delegations expressed satisfaction with the improvements UNDP had made in managing the audit recommendations and commended UNDP for its tracking system which had been recognized as a best practice. They highly appreciated the progress UNDP had made in implementing its top 10 audit priorities, although they noted that more work remained in following up with audit priority 2 on programme design, monitoring and evaluation. In that regard, they requested more information on how UNDP would assess the impact of improvements on the quality of United Nations Development Assistance Frameworks (UNDAFs), country programmes and integrated workplans. Noting progress on audit priority 3 on procurement management, they requested an update on the impact of improvements in investigation capacity and anti-fraud reporting in the annual audit report at the annual session 2012.

91. Delegations wished to learn more on the status of outstanding issues, specifically whether they would be implemented by the March 2012 deadline. In that regard, they requested further information on the outstanding implementation status of After-Service Health Insurance (ASHI) as well as why UNDP might not be able to recover all amounts due, a conclusion reached following the review of legacy balances. Commending UNDP on IPSAS implementation and its investment in staff training, they looked forward to receiving the IPSAS external information package. In conclusion, they encouraged UNDP to consider including explicit reference to BOA recommendation in the top-10 audit priority list in the future.

92. The Associate Administrator, UNDP, thanking delegations for their comments, clarified that the top-10 priority list was based on self-assessments. She further explained that UNDP had not rated itself higher mainly because UNDP sought to raise the bar of expectations for its own performance as an organization in both of the areas of concern. The evidence showed clearly that UNDP had taken action; however, in the absence of the availability of long-term impact results the organization could not say with certainty that its actions had made a difference at the implementation level. She added that those ratings would be reviewed when BOA had finalized its audit report for the biennium 2010-2011.

93. On programme and project management, the Associate Administrator emphasized that strengthening UNDP capacity and performance in managing for development results was a long-term process requiring ongoing management attention. On programme design, monitoring and evaluation, she stressed that at the country level, based on analyses of strengths,

weaknesses, opportunities and threats, UNDP was determined to turn the page and capitalize on its comparative advantages in responding to country needs. In that way, it would drop out of results areas where it did not have a comparative advantage, thereby allowing UNDP to focus more strategically on transformational change, of which the three criteria for programme engagement were the potential for scaling up, replication and informing policy. That cultural shift meant that even if a country-level project was important to the country UNDP would only play a support role to other partners while focusing its efforts in areas where it had a clear comparative advantage. With that in mind, UNDP encouraged its country offices to utilize ATLAS for programme management. She noted that UNDP was in the process of developing a stronger mechanism for quality control of programmes and projects. In that regard, she said that existing UNDP systems for quality control were complex and simpler processes were being developed.

94. In light of the different measures referenced in the Associate Administrator's statement and in the report, UNDP was confident that with time those measures combined with continued focus on skill-building and system-redesign would improve the quality of project and programme design and monitoring and evaluation.

95. The Associate Administrator clarified that important progress had been made in line with the UNDP procurement road map, which had been approved by the Organizational Performance Group and which aimed to change how UNDP approached procurement. She highlighted, for example, that the organization had previously followed a one-size-fits-all approach to delegation of authority, with exceptions allowed on an ad hoc basis. At the present time, however, UNDP was moving in a different direction, beginning with assessing and rating implementation-level capacities on the ground and determining only afterwards what the level of procurement authority should be. In that way, UNDP was making progress in managing risk and instituting incentives for staff to obtain the proper training and experience that would accord them greater levels of procurement authority. UNDP was in effect focused on moving beyond risk control to risk management.

96. She commented that UNDP attached increasing importance to office capacity and performance (including the number of certified procurement buyers) when granting higher levels of procurement approval authority. UNDP planned to integrate programme, project and procurement planning for greater cost-effectiveness and savings while not imposing additional burdens on the country offices.

97. In conclusion, she highlighted that the quality of United Nations system coordination and the UNDAF were benefiting from the focus on developing stronger programme quality control mechanisms. For its part, she noted that UNDP had developed a results framework based on the UNDAF model that captured the UNDP contribution to UNDAF level outcome results.

98. The Deputy Assistant Administrator, Bureau of Management, UNDP, speaking of ASHI funding, stated that the total liability based on the most recent actual evaluation was $463 million. He noted that over a period of 11 or 12 years UNDP had already provided $429 million, leaving a balance of $43 million, for which UNDP was setting up a funding plan that would be ready once it received the results of the most up-to-date actual evaluation later that month. The plan would allow UNDP to ensure that ASHI liabilities were fully funded.

99. On the ASHI-related audit recommendations, of which there were five, he noted, with regard to the first, that at the end of 2012 with the adoption of IPSAS UNDP would fully accrue ASHI liabilities. On the second, funding, he reiterated his statement about the UNDP funding plan for remaining ASHI liabilities. On the third, disclosure of leave and other liabilities, he said that UNDP was developing a funding plan to be finalized with full adoption of IPSAS. In that

regard, he noted that the entire liability would be disclosed in the balance sheet from 2012 onwards. Regarding the partial investment liability for ASHI, he reiterated that UNDP had already set aside a considerable amount of money.

100. On the issue of why UNDP was unable to recover amounts due, he highlighted that the balances in question had gone back almost 25 years and traversed some four legacy systems, with information compromised in the process at times. He noted that UNDP had been able to resolve many inter-agency balances. He stated that UNDP began with $200 million in unresolved balances, which at the present time had decreased to $18 million. UNDP was unable to conclude provisions for some agencies because of ongoing discussions and the need for requisite information. In a number of cases, UNDP was unable to recover because funding was project related.

*United Nations Office for Project Services*

101. Delegations were pleased with UNOPS progress, noting in particular its attention to risk mitigation strategies and its issuance of a revised procurement manual reflecting critical principles such as transparency and effective competition. They welcomed the disclosure of procurement plans in excess of $50,000 on the UNOPS website. They requested more information on procurement processes, especially those followed when conducting bidding processes and when addressing vendor and bidder complaints. Commending UNOPS for IPSAS implementation, they wished to learn more about the challenges faced and lessons learned in the process.

102. The Deputy Executive Director, UNOPS, responded to two Executive Board questions on IPSAS-compliant policies and on vendor bids. On IPSAS policies, he highlighted that although IPSAS standards were targeted at a very high level and did not provide a significant level of detail, UNOPS was working closely with BOA to correctly interpret IPSAS standards in relation to UNOPS business context. On financial impact, he stated that UNOPS would only know with certainty the impact of dealing with transactions in an IPSAS environment towards the end of 2012. On financial reporting, he affirmed that UNOPS would fully comply with all requirements related to mandatory disclosures and reporting. On discrepancies on IPSAS implementation between agencies, he said that harmonizing reporting across agencies remained a challenge that the three organizations were addressing in a coordinated manner. On cost-benefit analysis, UNOPS sought to minimize the financial impact of IPSAS implementation, making a conscious decision to develop IPSAS-compliant policies internally, instead of outsourcing to external consultants, to ensure long-term sustainability and institutional knowledge.

103. With regard to vendor bids, he stated that UNOPS was the first United Nations entity to implement in 2009 an independent system of vendor protests. That system had allowed vendor complaints to be addressed not by the UNOPS business unit or other personnel involved in the procurement process but by an independent unit not associated with the process. In more serious cases, vendor complaints could be dealt with through external independent entities. He noted that while cumbersome at times UNOPS commitment to transparency justified those procedures.

*United Nations Board of Auditors*

104. The Director, BOA, thanked the Executive Board for inviting him to speak. He noted that the implementation of BOA recommendations was an important benchmark for demonstrating the accountability of UNDP, UNFPA and UNOPS, and an important signal that the organizations could improve effectiveness and address the risks they faced in programme implementation. He was pleased to note that the BOA report (A/66/139) indicated good

progress achieved by the three organizations. He stated that the BOA would do its final review in April/May 2012 and he expected that all recommendations would be implemented. Regarding IPSAS implementation, he stated that the BOA had worked extensively with the three organizations concerning their plans, policies and the changes needed. He observed that the BOA would audit the IPSAS implementation process later and would share its assessment with the Executive Board. Regarding the qualified audit opinion that UNFPA had received earlier, he stated that the BOA had been working extensively with UNFPA to address NEX audit issues. He thanked the UNFPA Executive Director for taking decisive steps in addressing NEX and noted that quite an improvement had been observed. The 2011 NEX audit would be undertaken later. Meanwhile, the indications were positive and he hoped that UNFPA efforts would be sustained to ensure that the gains made translated into effective results in 2011 and beyond.

105. The Executive Board adopted decision 2012/6: Reports of UNDP, UNFPA and UNOPS on the status of the implementation of the recommendations of the Board of Auditors for 2008-2009.

## X. Report to the Economic and Social Council

106. On behalf of UNDP, UNFPA and UNOPS, the Director, Programme Division, UNFPA, introduced the joint report of the Administrator of UNDP and of the Executive Directors of UNFPA and UNOPS to the Economic and Social Council (E/2012/5).

107. Only one delegation took the floor and stressed the importance of the report (E/2012/5) for the follow-up of resolutions adopted by the General Assembly in 2007, including resolution 62/208. In noting that the report was instrumental in the context of preparation of the upcoming quadrennial comprehensive policy review of operational activities for development of the United Nations system (QCPR), the delegation asked UNDP, UNFPA and UNOPS which elements of the guidance received in 2007 remained valid and which needed to be reinforced in future recommendations. Noting the importance of having a reality check, the delegation asked which recommendations needed to be reviewed to see if they were outdated or too complicated to put into practice. On the key issue of funding, the delegation expressed concern regarding the growing imbalance between core and non-core resources and underscored that core funding was necessary to preserve the neutrality, universality and multilateralism of United Nations support. The delegation expressed concern regarding the constraints to harmonization of business practices mentioned in the report. The delegation emphasized the importance of strategic coordination throughout the United Nations system in all key areas, particularly with regard to gender equality; South-South cooperation; and transition from relief to development.

108. The Director, Programme Division, UNFPA, noted that the three organizations had provided input (in E/2012/5) on what had been learned during the past three years in implementing General Assembly resolution 62/208. Concurring that core resources were essential to maintain the universality, neutrality and independence of funding, he underscored that there must be flexibility in order to respond to the needs of Member States. Regarding the future orientation of the United Nations, he noted that in-depth reflection was needed concerning such areas as engagement with middle-income countries, and evaluation, including in the context of Delivering as One. Referring to the ongoing discussion on the system-wide evaluation infrastructure, he stressed the importance of striking the right balance between independence and learning and urged greater investment in learning. In flagging an issue for consideration in the upcoming QCPR, he drew attention to the current high growth seen in middle-income countries and the potential for new development resources and asked if the United Nations system needed to change its approach to resource mobilization, including fine-tuning existing instruments, while not abandoning traditional resources.

109. The Assistant Administrator and Director, Bureau for Resources and External Affairs, UNDP, highlighting the importance of comments made and the issues raised related to implementation of the QCPR, suggested that the discussion be taken up under a different agenda item that allowed ample time for debate. She noted that the delegation had mentioned a number of key issues on which UNDP was engaged in discussions with United Nations Development Group members and Member States in the run up to the QCPR. Among them, she noted the leadership, credibility, role, relevance and performance of United Nations country teams (UNCTs) and the United Nations development system at country level and globally, as well as resources requirements and the level of political will behind the coordination system. On funding, she pointed out that the core and non-core imbalance was no longer a trend but a long-term situation for which a viable solution had yet to be found. Those issues were fundamental, she stated, and touched on political support and alternatives for the United Nations system to deliver on its neutrality and impartiality in a credible way. Discussion needed to be framed in the context of emerging development trends arising from the new change architecture, as reflected in the post-Busan context, defined by new realities in which the United Nations system needed to find its role. Regarding the report itself, UNDP was keen to highlight developments around national capacity-building and South-South and triangular cooperation. She concluded that preparations for the QCPR provided the appropriate context to discuss those issues further.

110. The Director, North America Office, UNOPS, referring to earlier guidance, affirmed that UNOPS was well positioned to respond. He emphasized that UNOPS was, and would continue for the foreseeable future, to be a project-based, self-funding organization recognized as a central resource for infrastructure and procurement for the United Nations system. As demonstrated at that Executive Board session, UNOPS had shown itself to be responsive to partners' changing needs. He assured Board members that UNOPS was very active in UNCTs in countries where it had a presence, highlighting that the organization's most notable presence and engagement with UNCTs was in natural disaster and post-conflict situations.

111. The Executive Board adopted decision 2012/7: Report of the Administrator of UNDP and of the Executive Directors of UNFPA and UNOPS to the Economic and Social Council.

## XI. Other matters

112. The following informal briefings/consultations were held:

(a) Joint UNDP, UNFPA and UNOPS informal consultation on a plan for achieving full transparency with regard to disclosure of internal audit reports;

(b) UNOPS briefing on preparations for Rio+20: Infrastructure and sustainable development;

(c) Joint UNDP, UNFPA and UNICEF informal briefing on the timetable for the review and analysis of harmonized cost recovery rates;

(d) Informal consultation on the implementation of the International Public Sector Accounting Standards in UNDP;

(e) Briefing by the Executive Director of UNCDF on the UNCDF 2011 preliminary results and perspectives for 2012-2013.